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July 14, 2009

EA-09-060

Mr. Christopher J. Schwarz  
Vice President, Operations  
Entergy Nuclear Operations, Inc.  
Palisades Nuclear Plant  
27780 Blue Star Memorial Highway  
Covert, MI 49043-9530

SUBJECT: RESULTS OF NRC OFFICE OF INVESTIGATIONS INVESTIGATION;  
REPORT NO. 3-2008-020

Dear Mr. Schwarz:

On February 27, 2009, the U.S. Nuclear Regulatory Commission (NRC) Office of Investigations (OI) completed an investigation into the actions surrounding Palisades Nuclear Plant's potential non-compliance with NRC regulatory requirements. A factual summary of the OI report is enclosed.

Based on the results of the OI investigation, one apparent violation was identified and is being considered for escalated enforcement action in accordance with the NRC Enforcement Policy that is included on the NRC Web site at [www.nrc.gov/aboutnrc/regulatory/enforcement/enforce-pol.html](http://www.nrc.gov/aboutnrc/regulatory/enforcement/enforce-pol.html). The apparent violation involves several instances of deliberate failure to maintain and provide complete and accurate information in violation of 10 CFR 50.9(a). Details regarding the apparent violation are provided in the enclosed OI Report Factual Summary.

Before the NRC makes its enforcement decision, we are providing you an opportunity to: (1) attend a Predecisional Enforcement Conference (PEC); or (2) request Alternative Dispute Resolution (ADR) to resolve the issue.

If you decide to attend a PEC, it will be closed to public observation and transcribed. The decision to hold a PEC does not mean that the NRC has determined that a violation has occurred or that enforcement action will be taken. This conference would be held to obtain information to assist the NRC in making an enforcement decision. This may include information: (1) to determine whether a violation occurred; (2) to determine the significance of a violation; (3) related to the identification of a violation; and (4) to any corrective actions taken or planned. The conference will provide you an opportunity to present your perspective on these matters and any other information that you believe the NRC should take into consideration in making an enforcement decision. In presenting your corrective actions, you should be aware that the promptness and comprehensiveness of your actions will be considered in assessing

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any civil penalty for the apparent violation. Please contact me at (630) 829-9700 within seven days of the date of this letter if you are interested in attending a PEC.

In lieu of a PEC, you may request ADR with the NRC in an attempt to resolve this issue. Alternative Dispute Resolution is a general term encompassing various techniques for resolving conflicts using a neutral third party. The technique that the NRC has decided to employ is mediation. Mediation is a voluntary, informal process in which a trained neutral third party (the "mediator") works with parties to help them reach resolution. If the parties agree to use ADR, they select a mutually agreeable neutral mediator who has no stake in the outcome and no power to make decisions. Mediation gives parties an opportunity to discuss issues, clear up misunderstandings, find areas of agreement, and reach a final resolution to the issues. Additional information concerning the NRC's program can be obtained at <http://www.nrc.gov/about-nrc/regulatory/enforcement/adr.html>. The Institute on Conflict Resolution (ICR) at Cornell University has agreed to facilitate the NRC's program as a neutral third party. Please contact the ICR at (877) 733-9415 within seven days of the date of this letter if you are interested in pursuing resolution of this issue through ADR.

Since the NRC has not made a final determination in this matter, a Notice of Violation is not being issued for this matter at this time. In addition, please be advised that the characterization of the apparent violation may change as a result of further NRC review. You will be advised by separate correspondence of the results of our deliberations on this matter. If you decide not to attend a PEC or to request ADR, the NRC will proceed with its enforcement decision based on the information it currently has, unless the NRC has granted you an extension of time.

In accordance with 10 CFR 2.390 of the NRC's "Rules of Practice," a copy of this letter will be available electronically for public inspection in the NRC Public Document Room or from the Publicly Available Records System (PARS) component of NRC's Agencywide Documents Access and Management System (ADAMS), accessible from the NRC Web site at <http://www.nrc.gov/reading-rm/adams.html> (the Public Electronic Reading Room). However, because of the security-related concerns contained in the enclosure, and in accordance with 10 CFR 2.390, a copy of this letter's enclosure will not be available for public inspection.

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Should you have any questions concerning this matter, we will be pleased to discuss them with you.

Sincerely,

*/RA/*

Anne T. Boland, Director  
Division of Reactor Safety

Docket No. 50-255  
License No. DPR-20

Nonpublic Enclosure:  
Office of Investigations Report Factual Summary

cc w/encl: S. Coker, NSIR/DSO/DDSO/STSB

cc w/o encl: Senior Vice President  
Vice President Oversight  
Senior Manager, Nuclear Safety & Licensing  
Senior Vice President and COO  
Assistant General Counsel  
Manager, Licensing  
W. DiProfio  
W. Russell  
G. Randolph  
Supervisor, Covert Township  
Office of the Governor  
Michigan Department of Environmental Quality  
Michigan Office of the Attorney General  
T. Strong, State Liaison Officer

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Anne T. Boland, Director  
Division of Reactor Safety

Docket No. 50-255  
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cc w/encl: S. Coker, NSIR/DSO/DDSO/STSB

cc w/o encl: Senior Vice President  
Vice President Oversight  
Senior Manager, Nuclear Safety & Licensing  
Senior Vice President and COO  
Assistant General Counsel  
Manager, Licensing  
W. DiProfio  
W. Russell  
G. Randolph  
Supervisor, Covert Township  
Office of the Governor  
Michigan Department of Environmental Quality  
Michigan Office of the Attorney General  
T. Strong, State Liaison Officer

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DATE	07/14/09	07/13/09	07/13/09	07/10/09	07/13/09	07/14/09

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1. OE concurrence received via e-mail from D. Furst on July 13, 2009. [Includes NSIR concurrence on enclosure OUO-SRI designation]
  2. OGC concurrence received via e-mail from K. Sexton on July 13, 2009.
  3. OI concurrence received via e-mail from S. Langan on July 10, 2009.

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Letter to Christopher J. Schwarz from Anne Boland dated July 14, 2009.

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